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DIRECT DIAL:

February 25, 2008

By ECF Filing

Honorable Andre M. Davis  
United States District Judge  
United States District Court  
101 West Lombard Street  
Baltimore, Maryland 21201

Re: In re Mutual Funds Investment Litigation, MDL 1586  
[This letter relates to the Franklin Templeton Subtrack, No. 15862, and  
Sharkey IRO/IRA v. Franklin Resources, et al., AMD-04-1310]

Dear Judge Davis:

We represent Lead Plaintiff, the Deferred Compensation Plan for Employees of Nassau County. As Plaintiff's Administrative Chair has suggested to Chambers on behalf of counsel for Lead Plaintiff and the Franklin Templeton Defendants, the parties in the Franklin Templeton subtrack do not believe there is a need for a teleconference on Tuesday, February 26, 2008 as previously scheduled. However, we would like to schedule a call during the week of either March 10 or March 17, 2008, and are currently confirming proposed dates internally among counsel, with the expectation that we will submit proposed dates for the Court within the next few days. In the meantime, on behalf of both Lead Plaintiff and the Franklin Templeton Defendants, we submit this brief report to keep the Court apprised of the status of the case.

There are no material changes in status from the February 1, 2008 Status Report.

The parties still await entry of the orders on the motions to dismiss.

Discovery of the Franklin Templeton Defendants is continuing, with document discovery well under way. The parties in the Investor Class Action have engaged in meet-and-confer efforts over the production of trading data from the Franklin Templeton funds during the Class Period, which efforts appear to have been successful. Plaintiffs have received from Defendants what appears to be the last CD containing trading data that plaintiffs had requested and, while plaintiffs reserve their rights, it appears that this issue is resolved, and plaintiffs' consultant is in the process of analyzing the trading data for the funds in question.

As reflected in the June 11, 2007 Order entered by Judges Motz, Blake and Your Honor, the parties understand that there is a desire by Your Honors to coordinate scheduling on a cross-track basis where possible for the sake of efficiency, and we will continue to work

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to accommodate such coordination. As indicated in the parties' prior status reports and reflected in the June 11, 2007 Order (*see* p.3, n.2 thereof), while the parties have submitted to the cross-track discovery schedule set by the Court in said Order, the parties have agreed that the depositions of Franklin Templeton witnesses will occur in the first six months of 2008, or as soon thereafter as may be practicable. One deposition has been scheduled of what the parties anticipate will be a significant witness produced by defendants. The parties have also recently participated in certain depositions of third parties noticed by other parties in this MDL 1586 litigation.

No substantive settlement negotiations have taken place. Counsel for the Investor Class Plaintiffs have informed Counsel for the Franklin Templeton Defendants that they believe they must analyze trading data before settlement negotiations can be explored. As previously stated, it appears that production of the trading data which plaintiffs had sought has recently reached completion.

With respect to the Derivative Action, there are no material developments from the February 1, 2008 Status Report. Fund Derivative Plaintiffs are continuing to review documents produced by Defendants, and await issuance of the Fund Derivative Order. The Fund Derivative Plaintiff disclosed information concerning their holdings in Franklin Templeton mutual funds and the parties have exchanged Rule 26(a)(1) disclosures. Fund Derivative Plaintiffs' counsel has not participated in any settlement discussions with defendants.

Plaintiffs' counsel in the Parent Derivative Action have stipulated with defendants and other Franklin Templeton parties to stay and toll the Parent Derivative Action pending the results in the related Motions to dismiss in both the Investor Class Action and Fund Derivative Action. There are no further developments to report in the Parent Derivative Action.

As noted, we propose that the next teleconference with the Court take place during the weeks of March 10 or March 17, at 5:00 p.m. (or as mutually convenient for the Court and the parties). We expect to provide the Court with suggested specific dates based on availability of counsel in the nearest future.

Respectfully submitted,

/s/  
Chet B. Waldman

*Counsel for Lead Plaintiff, the Deferred  
Compensation Plan for Employees of Nassau  
County*

cc: All Counsel (via ECF)